HEIRS INSURANCE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021.

CORPORATE INFORMATION

Company Registration Number
RC 12411317

Directors	
Tony Elumelu	Chairman
Adaobi Nwakuche	Managing Director / Chief Executive Officer
Japhet Duru	Executive Director - Technical
Niyi Onifade	Non-Executive Director
Dan Okeke	Non-Executive Director
Salam Yusuf Ahmed	Independent Non-Executive Director
Henry Egbiki	Independent Non-Executive Director
Peter Ashade	Non-Executive Director

Registered office	107B Ajose Adeogun Street Victoria Island Lagos, Nigeria
Independent auditor	PricewaterhouseCoopers Landmark Towers, 5B Water Corporation Road, Victoria Island, Lagos Tel: +234 1 271 1700 www.pwc.com/ng
Actuaries	Zamara Ltd 4th Floor, Ibukun House, 70 Adetokunbo Ademola Street Victoria Island Lagos, Nigeria
Company secretary	Blessing Ezemelue 107B Ajose Adeogun Street Victoria Island Lagos, Nigeria
Bankers	United Bank for Africa Plc Providus Bank Ltd Fidelity Bank Union Bank Nova Bank Ecobank
Tax Consultant	Ijewere and Co.

DIRECTORS' REPORT

The Directors present their report on the affairs of Heirs Insurance Limited ("the Company"), together with the audited financial statements and Auditors report for the year ended 31 December 2021.

Incorporation and address

The Company was incorporated on 10th day of February, 2015 with registration number - RC 12411317 while operational licence with registration number 094 was issued by NAICOM on 25th day of November, 2020.

The address of its registered/operational office is:
107B Ajose Adeogun Street
Victoria Island
Lagos, Nigeria

Principal Activities

The company is a general insurer that was incorporated to provide to individuals and businesses.

Results and dividend

The company's results for the year ended 31 December 2021 are set out in statement of comprehensive income. The profit for the year has been transferred to retained earnings. The summarised results are presented below.

	31 December N'000 2021	31 December N'000 2020
Gross Written Premium	3,495,947	-
Profit before tax for the period	54,278	(464,422.00)
Total comprehensive Income	54,278	(462,402.00)

No dividend is being proposed by the Board of Directors in respect of the financial year ended December 31, 2021.

Board of Directors

(924,804.00)

Tony Elumelu	Chairman
Adaobi Nwakuche	Managing Director / Chief Executive Officer
Japhet Duru	Executive Director - Technical
Niyi Onifade	Non-Executive Director
Dan Okeke	Non-Executive Director
Salam Yusuf Ahmed	Independent Non-Executive Director
Henry Egbiki	Independent Non-Executive Director
Peter Ashade	Non-Executive Director

Directors' interest in contracts

None of the directors have notified the Company for the purpose of section 277 of the Companies and Allied Matters Act, 1990, of their direct and indirect interest in contracts or proposed contracts with the Company during the year.

Analysis of company's shares

According to the register of members at 31 December 2020, the shareholding in the Company was as follows:

Shareholder	31-Dec-21 No. of Shares	
Heirs Holdings Limited	5,000,000	50%
United Capital Plc	2,500,000	25%
*Africa Prudential Plc	1,500,000	15%
*AVON HMO Ltd	1,000,000	10%
	10,000,000	100%

* Under process and awaits NAICOM approval

Employment of physically challenged persons

It is the policy of the Company that there should be no discrimination in considering applications for employment including those from physically challenged persons. All employees whether or not physically challenged are given equal opportunities to develop. There were no physically challenged persons in the employment of the Company as at 31 December 2021.

Employee health, safety and welfare

Health and safety regulations are enforced within the premises of the entities of the Company. The Company provides medical facilities to all levels of employees. Medical facilities are provided to employees and their immediate families at the Company's expense.

Employee training and involvement

The Company is open to constructive and meaningful suggestions from its staff towards ensuring effective involvement of staff-members in matters affecting them as employees as well as those pertaining to the Company's affairs. These views are sourced through formal and informal channels. Training is critical to the Company and staff members are exposed to well structured courses and seminars.

Property, plant and equipment

Movement in property, plant and equipment during the year is shown in Note 12 to the financial statements. The Directors are of the opinion that the market value of the Company's property, plant and equipment is not less than the carrying value shown in the financial statements as at 31 December 2021.

Donations and gifts

The Company made no donations during the period. In accordance with section 38(2) of the Companies and Allied Matters Act of Nigeria, the Company did not make any donations or gifts to any political party, political association or for any political purpose in the course of the year.

Auditors:

The Auditors, Messrs PricewaterHouseCooper were reappointed during the year as Auditors of the Company. The Auditors having satisfied the requirement of the company and having indicated their willingness, will continue as the Company's Auditors in compliance with Section 402(2) of CAMA 2020.

By order of the Board

FRC/2021/002/00000024914

Blessing Ezemelue
Company Secretary
FRC

CORPORATE GOVERNANCE REPORT

Introduction

Heirs Insurance limited (the Company) has in place an effective governance structure that enables the Board of Directors to provide proper and adequate oversight over its businesses and management.

During the period under review, the Company complied with the provisions of the Companies and Allied Matter Act, the NAICOM Code of Corporate, the FRCN Code of Corporate Governance, the Board Charter, and all applicable rules and regulations.

The Board.

The Board is responsible for developing the Company's strategy and ensuring that its assets are deployed towards the achievement of set targets and satisfaction of stakeholders' expectations. Quarterly, the Board reviews management financial and performance indicators to confirm continuous alignment with the Company's strategic goals and objectives.

During the period under review, Mr. Misbahu Umar Yola and Mr. Idris Mohammed were appointed to the Board as Non-Executive Directors. Mr. Misbahu Yola and Mr. Idris Mohammed are vastly experienced in risk management, governance and financial operations.

As of December 31, 2021, the Board is comprised of 10 directors. 8 Non- executive Directors amongst whom are the Chairman, two non-Independent Directors and a director designate (awaiting NAICOM's approval) and two Executive Directors (MD/CEO and the ED Technical). The Board members are professional and business savvy persons with vast experience and requisite integrity, skills and experience to direct the course of the Company.

Chairman and CEO Positions.

The offices of Chairman and MD/CEO are separated, and their respective roles and responsibilities are well defined in the Board Charter. The Chairman is not involved in the day-to-day activities of the Company. He is responsible for the assessment, improvement, development, and effective functioning of the Board and provides leadership in every aspect of its work. The MD/CEO provides leadership to executive management and is charged with the execution of the Company's strategic objectives and reports to the Board on the Company's performance.

Proceedings and Frequency of Meetings

The Board meets at least once every quarter or as the need arises to consider the performance of the company against defined objectives. Sufficient notices with clear agenda and reports are usually given before convening the meeting. In 2021, the Board meetings were held electronically.

Board Meeting Attendance

Key:

P	=	
AWA	=	Absent with Apology
IA	=	In Attendance
NA	=	Not Applicable

A total of 4 Board meetings were held in the 2021 Financial year. The attendance at the meeting was as below:

S/N	Director	Role	Committee Meeting Dates			
			Mar-29	May-11	Aug-24	Dec-02
1.	Tony Elumelu CON	Chairman	P	P	P	P
2.	Adaobi Nwakuche	MD/CEO	P	P	P	P
3.	Japhet Duru	ED	P	P	P	P
4.	Henry Egbiki	INED	P	P	P	P
5.	Salma Mohammed	INED	P	P	P	P
6.	Dan Okeke	NED	P	P	P	P
7.	Peter Ashade	NED	P	P	P	P
8.	Niyi Onifade	NED	P	P	P	
9.	Misbahu Yola*	NED	NA	N/A	P	P
10.	Idris Mohammed**	NED	NA	NA	AWA	IA

Note:

* Misbahu Yola was appointed to the Board on May 11, 2021. The National Insurance Commission (NAICOM) approved his appointment in August 2021

** Mr, Idris Mohammed was appointed to the Board on May 11, 2021. The NAICOM approval of his appointment was in process.

Board Committees

Board Audit, Governance & Compliance Committee.

The Audit, Governance, and Compliance Committee (AGCC) responsible for ensuring an effective system of financial and internal control are in place, evaluating the independence and performance of external auditors, reviewing the audited financial statements with Management and the External Auditors before presentation to the Board, approving human resources policies and procedures and ensuring proper composition, training and evaluation of board members.

The AGCC met three times within the period under review. the membership and record of attendace at the meetings was as follows:

S/N	Director	Role	Nature	Committee Meeting Dates		
				Apr-29	Jul-26	Oct-20
1.	Henry Egbiki	Chairman	INED	P	P	
2.	Salma Mohammed	Member	INED	P	P	P
3.	Dan Okeke	Member	NED	P	P	P
4.	Peter Ashade	Member	NED	P	P	P
5.	Misbahu Yola	Member	NED	NA	NA	P
6.	Idris Mohammed	Member	NED	NA	NA	IA

Note: Mr. Misbahu Yola and Idris Mohammed were appointed to the AGCC in August 2021.

Board Finance, Investment & General-Purpose Committee.

The Finance, Investment & General-Purpose Committee (FIPC) is responsible for strategic planning, periodic budgeting and performance monitoring, supervision of assets, investment and financial matters and any matter not falling within the mandate of any other committee.

The FIGPC met three times in 2021. The membership and record of attendance at the meeting were as follows:

S/N	Director	Role	Nature	Committee Meeting Dates		
				Apr-29	Jul-26	Oct-19
1.	Dan Okeke	Chairman	NED	P	P	P
2.	Henry Egbiki	Member	INED	P	P	P
3.	Niyi Onifade	Member	NED	P	P	P
4.	Adaobi Nwakuche	Member	MD/CEO	P	P	P
5.	Japhet Duru	Member	ED (Technical)	P	P	P
6.	Idris Mohammed	Member	NED	NA	NA	IA*

* Mr. Idris Mohammed was in appointed to the FIGPC in August 2021 and was in attendance pending NAICOM approval of his appointment

Board Enterprise Risk Management Committee.

The Enterprise Risk Management Committee (ERMC) is responsible for providing oversight over the process for the identification, assessment of risks and the adequacy of prevention, detection and reporting mechanisms across various business operations (Underwriting, claims, product development) and Information Technology (IT) governance.

The ERMC met three times in 2021. the membership and record of attendance at the meetings were as follows:

S/N	Director	Role	Nature	Committee Meeting Dates		
				Apr-29	Jul-27	Oct-19
1.	Misbahu Yola*	Chairman	NED	NA	NA	P
2.	Salma Mohammed	Member	INED	P	P	P
3.	Peter Ashade	Member	NED	P	P	P
4.	Niyi Onifade	Member	NED	P	P	P
5.	Adaobi Nwakuche	Member	MD/CEO	P	P	P
6.	Japhet Duru	Member	ED	P	P	P

* Mr. Misbahu Yola was appointed to the AGCC on August 24, 2021, before then, Mr. Niyi Onifade was the Chairman of the Committee.

Corporate Governance and Board Evaluation

The Board of Directors of the Company is cognisant of its responsibilities under the NAICOM Code of Corporate Governance and the Nigerian Code of Corporate Governance regulations in the administration of the Company.

Corporate Governance Evaluation

To establish an effective corporate governance practice and procedures, the Board engaged an independent consultant, Angela Aneke & Co to audit the governance standards, practices and processes for adequacy and effectiveness. The result of the audit was satisfactory and the Board has noted the feedback on areas for improvement for remedial actions.

Board Evaluation

To ensure the effectiveness of the Board, the Board engaged the services of an independent consultant, Angela Aneke & Co to conduct an appraisal of the Board of Directors and individual director's peer appraisal for the period ended December 31, 2020. The Board assessment covered the Board Structure and composition, processes, relationship, competencies roles, and responsibilities.

The Corporate Governance and Board Evaluation report has been submitted to NAICOM as required.

Directors Report.

The Directors present their report on the affairs of Heirs Insurance Limited (the Company), together with the Audited Financial Statements and Independent Auditor's Report for the year ended December 31, 2021.

Legal Form and Principal Activities

Heirs Insurance limited was originally incorporated on the 10th day of February 2015 with registration Number- RC 1241317 as a composite insurer. However, in March 2019, the Memorandum and Article of Association was amended to enable the company operate solely as a general insurance company.

The National Insurance Commission issued the operational license with registration number 093 in November 2020. The Company commenced operations as a general insurance company on December 1, 2020.

Directors

The Directors who held office during the period under review were:

Tony O. Elumelu	Chairman
Adaobi Nwakuche	Managing Director/CEO
Japhet Duru	Executive Director (Technical)
Henry Egbiki	Independent Non-Executive Directo
Salma Mohammed	Independent Non-Executive Directo
Dan Okeke	Non-Executive Director
Peter Ashade	Non-Executive Director
Niyi Onifade	Non-Executive Director
Misbahu Yola	Non-Executive Director
Idris Mohammed	Non-Executive Director

Appointment of Directors

The following Directors were appointed during the year:

Misbahu Yola	-Appointed May 11, 2021
Idris Mohammed	-Appointed May 11, 2021 (awaiting NAICOM's approval)

Analysis of the Company Shareholding

As at December 31 2021, the shareholding structure of the Company was as follows:

Shareholder	**No. of Shares '000**	Percentage held
Heirs Holdings Limited	5,000,000	50%
United Capital Plc	2,500,000	25%
Africa Prudential Plc *	1,500,000	15%
Avon Healthcare Limited*	1,000,000	10%

** Awaiting NAICOM's approval*

Complaint Management

The Company has a Whistle Blowing policy in place. The Policy covers amongst other things, the dedicated phone line and email address for receipt of the complaints and procedure for the treatment of information received from whistleblowers. The Company also has a Complaint Management framework approved by NAICOM for complaint resolution. Both the WhistleBlowing Policy and the Compliant Management framework are uploaded on the Company's website.

Corporate Social Responsibilty and Sustainability

As a major player in the insurance industry, Heirs Life Assurance Limited is fully conscious of its status and responsibilities in the Nigerian society as a corporate citizen. As such, the Company deliberately integrates the society in its plans and maintains a very robust relationship with all stakeholders including its employees, host community, consumers and the general public.

Relationship with Shareholders

The Company is fully conscious of the importance of effective and constant interaction with shareholders. The Company benefits tremendously from the interactions and would welcome further contributions of shareholders at the Annual General Meeting. The Company will continue to take all necessary steps to uphold shareholder rights.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The Companies and Allied Matters Act requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the period and of its profit or loss. The responsibilities include:

a) ensuring that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act;

b) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; and

c) preparing the Company's financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates that are consistently applied.

The Directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the

Tony Elumelu	Adaobi Nwakuche
Chairman	Managing Director
FRC/2013/CIBN/00000002590	
March 24 2022	March 24 2022

STATEMENT OF DIRECTORS' CORPORATE RESPONSIBILITIES

In line with the provision of S.405 of CAMA 2020, we have reviewed the audited financial statements of the Company for the year ended 31 December 2021 and based on our knowledge confirm as follows:

(I) The audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading,

(II) The audited financial statements and all other financial Information Included in the statements fairly present, in all material respects, the financial condition and results of operation of the Company as of and for the period ended 31 December 2021.

(iii) the Company's internal controls has been designed to ensure that all material information relating to the Company is received and provided to the Auditors in the course of the audit.

(Iv) the Company's internal controls were evaluated within 90 days of the financial reporting date and are effective as of 31 December 2021.

(v) That we have disclosed to the Company's Auditors and Audit committee the following information:

(a) There are no significant deficiencies in the design or operation of the Company's internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data, and have discussed with auditors any weaknesses in the internal controls observed in the cause of the audit.

(b) There is no fraud involving management or other employees which could have any significant role in the Company's internal control.

(vi) There are no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of this audit, including any corrective actions with regard to any observed deficiencies and material weaknesses.

	Adaobi Nwakuche
Chief Financial Officer (CFO)	Managing Director/CEO
March 24, 2022	March 15, 2021

STATEMENT OF ACCOUNTING POLICY

General information

These financial statements are the financial statements of Heirs Insurance Limited ("the Company"). The Company was incorporated on 10th day of February, 2015 with Registration number - RC 12411317. Operational licence with registration number 093 was issued by NAICOM on 25th day of November, 2020 and operations commenced thereafter.

Summary of significant accounting policies

Introduction to summary of significant accounting policies

a. Functional and presentation currency

This financial statements is presented in Nigerian Naira, which is the company's functional currency. Except where indicated, financial information presented in Naira has been rounded to the nearest thousand.

b. Basis of Accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The financial statements have been prepared in accordance with the going concern principle under the historical cost convention.

Standard	Content	Effective date
IFRS 9 & 7	Interest Rate Benchmark Reform	1 January 2021
IFRS 16	Interest Rate Benchmark Reform	1 January 2021

IFRS 9,7 &16
The IASB has undertaken a two-phase project to consider what, if any, reliefs to give from the effects of IBOR reform. The Phase 1 amendments, issued in September 2019, provided temporary reliefs from applying specific hedge accounting requirements to relationships affected by IBOR reform. The Phase 2 amendments that were issued in August 2020 to address issues that arise during the reform of an interest rate benchmark rate, including the replacement of one benchmark rate with an alternative one. The key reliefs provided by the Phase 2 amendments are as follows:
• Changes to contractual cash flows. When changing the basis for determining contractual cash flows for financial assets and liabilities (including lease liabilities), the reliefs have the effect that the changes that are required by an interest rate benchmark reform (that is, are necessary as a direct consequence of IBOR reform and are economically equivalent) will not result in an immediate gain or loss in the income statement.
• Hedge accounting. The hedge accounting reliefs will allow most IFRS 9 hedge relationships that are directly affected by IBOR reform to continue. However, additional ineffectiveness might need to be recorded.
The above amendments do not have an impact on the company.

1. Going Concern
These financial statements have been prepared on the going concern basis. The Company has no intention or need to reduce substantially its business operations. The management believes that the going concern assumption is appropriate for the Company due to the sufficient capital adequacy ratio and projected liquidity, based on historical experience that short term obligations will be refinanced in the normal course of business. Liquidity ratio and continuous evaluation of current ratio of the Company is carried out by the Company to ensure that there are no going concern threats to the

2. Principal Accounting Policies
The principal accounting policies adopted in the preparation of these financial statements are set out below:

2.1 Statement of Compliance with International Financial Reporting Standards

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRSs) as issued by International Accounting Standards Board (IASB), in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act 2003, and relevant National Insurance Commission (NAICOM) guidelines and circulars to the extent that they do not conflict with the requirement of IFRS

The financial statements include the statement of financial position, statement of profit or loss and other comprehensive income, the statement of cash flows, the statement of changes in equity and the notes to the account.

2.2 Basis of Measurement

The financial statements are prepared on a going concern basis in compliance with International Financial Reporting Standards (IFRS) and the requirements of the Companies and Allied Matter Act, Insurance Act, 2003 and regulatory guidelines as pronounced from time to time by National Insurance Commission (NAICOM). Historical cost basis was used in preparation of the financial statements as modified by certain items of:

2.2.3. Financial instruments at fair value through profit or loss are measured at fair value.

2.2.4. Land and building carried at revalued amount.
2.2.5. Investment property carried at fair value
2.2.6. Available for sale financial assets are measured at fair value.

2.2.7. Actuarially liabilities measured at fair value.

2.3 IFRS9-Financial Instrument: Classification and Measurement

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting.

2.4 Changes in Accounting Policies

Except for the changes below, the Company has consistently applied the accounting policies set out in the 'Note on significant accounting policies to all periods presented in the financial statements'.

The Company will adopt new standards and amendments to standards, including any consequential amendments to other standards, in the accounting period that they become effective. Such standards and amendments will be stated explicitly with the relevant impact on the company's financial statements.

2.5 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Nigeria Naira (N), rounded to the nearest thousand, which is also the functional currency of the Company.

2.6 Use of estimates and Judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in note 4.

2.7 Regulatory authority and financial reporting

The Company is regulated by the National Insurance Commission of Nigeria (NAICOM) under the Insurance Act 2003 of Nigeria. The Act specifies certain provisions which have impact on financial reporting as follows:

I. Section 20 (1a) provides that provisions for unexpired risks shall be calculated on a time apportionment basis of the risks accepted in the year;

II. Section 20 (1b) requires provision for outstanding claims to be credited with an amount equal to the total estimated amount of all outstanding claims with a further amount representing 10 percent of the estimated figure for outstanding claims in respect of claims incurred but not reported at the end of the year under review;

III. Sections 21 (1a) and 22 (1b) require maintenance of contingency reserves for general at specified rates as set out under note (w) to cover fluctuations in securities and variation in statistical estimates;

IV. Section 22 (1a) requires the maintenance of a general reserve fund which shall be credited with an amount equal to the net liabilities on policies in force at the time of the actuarial valuation and an additional 25 percent of net premium for every year between valuation date;

V. Section 24 requires the maintenance of a margin of solvency to be calculated in accordance with the Act.

VI. Section 10(3) requires insurance companies in Nigeria to deposit 10 percent of the minimum paid up share capital with the Central Bank of Nigeria.

VII. Section 25 (1) requires an insurance company operating in Nigeria to invest and hold invested in Nigeria assets equivalent to not less than the amount of policy holders' funds in such accounts of the insurer. See note 50 for assets allocation that covers policy holders' funds.

The Financial Reporting Council Act (FRC Act), 2011 which requires the adoption of IFRS by all listed and significant public interest entities provides that in matters of financial reporting, if there is any inconsistency between the FRC Act and other Acts which are listed in section 59(1) of the FRC Act, the FRC Act shall prevail. The Financial Reporting Council of Nigeria acting under the provisions of the FRC Act has promulgated IFRS as the national financial reporting framework for Nigeria. Consequently, the following provisions of the National Insurance Act, 2003 which conflict with the provisions of IFRS have not been adopted:

The IBNR was estimated using the loss ratio method. Gross IBNR is compliant compliant with the minimum required threshold of 10% of the OCR as stipulated by the Insurance Act 2003.

Contingency reserves

i. An insurer shall establish and maintain contingency reserves to cover fluctuations in securities and variations in statistical

ii. The contingency reserves shall be credited with an amount not less than 3 per centum of the total premium or 20 per centum of the net profits (whichever is greater) and the amount shall accumulate until it reaches the amount of the minimum paid-up capital or 50 per centum of the net premiums (whichever is greater).

2.8 Reporting period

The statement of financial position shall be prepared for a 12- month period.

3. Significant Accounting Policies

3.1 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Foreign exchange gains and losses that relate to investment and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'Other operating income' or 'Other operating expenses'.

Changes in the fair value of monetary assets denominated in foreign currency classified as available for sale are analyzed between translation differences resulting from changes in the fair value of the security, and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in profit or loss.

Translation differences on non-monetary financial assets such as equities classified as fair value through profit or loss financial assets are also recognised in profit or loss.

3.2 Cash and cash equivalent

Cash and cash equivalents include cash in hand and at bank, call deposits and short term highly liquid financial assets with original maturities of three months or less from the acquisition date, which are subject to insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

Cash and cash equivalents are carried at amortized cost in the statement of financial position. For the purpose of the statement of cash flows, cash and cash equivalents are net of outstanding overdrafts.

3.3 Financial assets and liabilities

3.3.1 Classification

The classification of financial assets depends on the purpose for which the investments were acquired or originated. The Company classifies its financial assets into the following categories in line with IFRS 9:

a) Financial assets at fair value through profit or loss;

b) Amortized cost.

The Company's financial assets include cash and short term deposits, trade and other receivables, loans and receivables, quoted and unquoted equity instruments.

The Company's financial liabilities are classified as other financial liabilities. They include: insurance contract liabilities, creditors and accruals.

3.3.2 Initial recognition

Financial assets are classified and measured at initial recognition at fair value, including directly attributable transaction cost. Subsequent measurement is based on the Company's business model objective of managing the assets as well as the contractual cash flow characteristics of financial assets.

a. Business Model Assessment

The business model reflects how the Company manages assets in order to generate cash flows. That is, it reflects whether the Company's objective is solely to collect the contractual cash flows from assets or to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of the other business model and measured at FVTPL. Factors considered by the Company in determining the business model for a Company of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. The proceeds from the contractual cash flows of the financial assets are used to settle insurance contract liabilities as they become due. To ensure that the contractual cash flows from the financial assets are sufficient to settle those liabilities, the Company undertakes significant buying and selling activity on a regular basis to rebalance its portfolio of assets and to meet cash flow needs as they arise. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the other business model and measured at FVTPL.

b. Solely payments of principal and interest

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent Soley Payment of Principal and Interest (the SPPI test). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement (i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement). Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.
The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent, and none occurred during the period. The Company may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. The Company has determined that an accounting mismatch is reduced if financial assets backing insurance contracts are measured at FVTPL. For these instruments, the Company has applied the option to designate these financial assets at FVTPL.

a. Financial assets held at fair value through profit or loss Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets classified as trading are acquired principally for the purpose of selling in the short term.

These investments are initially recorded at fair value. Subsequent to initial recognition, they are re-measured at fair value, with gains and losses arising from changes in this value recognized in the income statement in the period in which they arise. The fair values of quoted investments in active markets are based on current bid prices. The fair values of unquoted equities, and quoted equities for which there is no active market, are established using valuation techniques corroborated by independent third parties. These may include reference to the current fair value of other instruments that are substantially the same and discounted cash flow analysis.

Interest earned and dividends received while holding trading assets at fair value through profit or loss are included in investment income.

b. Financial assets at amortised cost

Financial assets are measured at amortized cost if they are held within a business model whose objective is to hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. After initial measurement, debt instruments in this category are carried at amortized cost using the effective interest rate method. Amortized cost is calculated taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate. Interest income on financial assets at amortised cost is included in investment income in the statement of comprehensive income.

The company's placement with other financial institutions with original maturities of three months or less from the acquisition date are measured at amortised cost. Impairment on financial assets measured at amortized cost is calculated using the expected credit loss approach.

c. Trade receivables

Trade receivables arising from insurance contracts are stated after deducting allowance made for specific debts considered doubtful of recovery. Premium receivables are recognized when confirmation of premium is received from

Insurance brokers and co-insurance in the form of credit notes and are within 30 days, in conformity with the "No premium, No cover" policy. Trade receivables are reviewed at every reporting period for impairment.

e. Loans and receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Loans and receivables on the statement of financial position comprise staff loans and loans to policy holders.

Loans and receivables, after initial measurement, are measured at amortized cost, using the effective interest rate method less any impairment (if any). Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate.

Loans granted at below market rates are fair valued by reference to expected future cash flows and current market interest rates for instruments in a comparable or similar risk class and the difference between the historical cost and fair value is accounted for as employee benefits under staff costs.

Interest on loans and receivables are included in profit or loss and reported as other operating income. When the asset is impaired, they are carried on the statement of financial position as a deduction from the carrying amount of the loans and receivables and recognized in the statement of profit or loss as impairment losses.

3.3.4 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price, i.e. the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price. Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Company on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The Company recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred. The Company discloses fair value of all its financial instruments.

3.3.5 De-recognition of financial instruments

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when its rights to receive the contractual cash flows on the financial asset in a transaction that transfers substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

On de-recognition of financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

The Company enters into transactions whereby it transfers assets recognized on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not de-recognized. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

In transactions in which the Company neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Company continues to recognize the asset to the extent of its continuing involvement, determined by extent to which it is exposed to changes in the value of the transferred asset.

The rights and obligations retained in the transfer are recognized separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the Company continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

3.3.6 Impairment of assets

a. Financial assets carried at amortized cost

The carrying amounts of these assets are reviewed at each reporting date to determine whether there is any objective evidence of impairment. A financial asset is considered to be impaired if objective evidence indicates that one or more events that have occurred since the initial recognition of the asset have had a negative effect on the estimated future cash flows of that asset and can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Company about the following events:

i. Significant financial difficulty of the issuer or debtor;

ii. A breach of contract, such as a default or delinquency in payments;

iii. It is becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganization;

iv. The disappearance of an active market for that financial asset because of financial difficulties; or

v. Observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Company.

For financial assets measured at amortized cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying value and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the income statement. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. The Company may measure impairment on the basis of an instrument's fair value using an observable market price.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the issuer's ability to pay all amounts due under the contractual terms of the debt instrument being evaluated. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as improved credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the income statement.

b. Trade receivables

Trade receivables arising from insurance contracts represent premium debtors with determinable payments that are not quoted in an active market and the Company has no intention to sell. Trade receivables are recognized when confirmation of premium is received from insurance brokers and co-insurance in the form of credit notes and are within 30 days, in conformity with the "No premium, No cover" policy. Trade receivables that are individually identified as impaired are assessed for specific impairment. All other trade receivables are assessed for collective impairment. Receivables are stated net of impairment determined in line with financial assets carried at amortized cost.

c. Loans and receivables

For loans and receivables, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

d. Impairment of non-financial assets

The Company's non-financial assets with carrying amounts other than investment property are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.4 Offsetting financial instruments

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from the group of similar transactions.

3.5 Reinsurance assets

These are receivables that arise from reinsurance contracts and prepaid reinsurance.

3.6 Deferred acquisition costs

Acquisition costs comprise all direct and indirect costs arising from the origination of insurance contracts. Deferred acquisition costs represent a portion of commission which are incurred during a financial year and are deferred to the extent that they are recoverable out of future revenue margins. It is calculated by applying the ratio of unearned premium to written premium.

3.7 Other receivables and prepayments

Prepayments are carried at cost less amortization and accumulated impairment losses.

3.9 Intangible assets

3.9.1. Software

Recognition of software acquired is only allowed if it is probable that future economic benefits to this intangible asset are attributable and will flow to the Company.

Software acquired is initially measured at cost. The cost of acquired software comprises its purchase price, including any import duties and non-refundable purchase taxes, and any directly attributable expenditure on preparing the asset for its intended use. After initial recognition, software acquired is carried at its cost less any accumulated amortization and any accumulated impairment losses. Maintenance costs should not be included.

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are expensed as incurred. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful is five years (5) subject to annual reassessment.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Intangible assets are reviewed at each reporting date for impairment.

3.10 Property, plant and equipment

3.10.1. Recognition & measurement

All items of property and equipment except leasehold land, are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of items of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized within other income in profit or loss.

3.10.2. Subsequent costs

Subsequent costs on replacement parts on an item of property are recognized in the carrying amount of the asset and the carrying amount of the replaced or renewed component is derecognized.

3.10.3. Subsequent measurement

All items of property and equipment except land and buildings are subsequently measured at cost less accumulated depreciation and impairment losses.

Land and buildings are subsequently carried at revalued amounts, being fair value at the date of revaluation less subsequent accumulated depreciation and impairment losses, if any. They are valued on an open market basis by qualified property valuers at each reporting date.

When an individual property is revalued, any increase in its carrying amount (as a result of revaluation) is transferred to a revaluation reserve, except to the extent that it reverses a revaluation decrease of the same property previously recognized as an expense in the statement of profit or loss.

When the value of an individual property is decreased as a result of a revaluation, the decrease is charged against any related credit balance in the revaluation reserve in respect of that property. However, to the extent that it exceeds any surplus, it is recognized as an expense in the statement of profit and loss.

3.10.4. Depreciation

Depreciation is calculated on property and equipment on the straight line basis to write down the cost of each asset to its residual value over its estimated useful life. Depreciation methods, useful lives and residual values are reassessed at each reporting date. No depreciation is charged on property and equipment until they are brought into use.

Depreciation reduces an asset's carrying value to its residual value at the end of its useful life, and is allocated on a straight line basis over the estimated useful lives, as follows:

Building - 2%
Office Equipment - 20%
Computer Hardware - 20%
Furniture and Fittings - 20%
Motor Vehicles - 25%
Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

3.10.5. De-recognition

Upon disposal of any item of property and equipment or when no future economic benefits are expected to flow from its use, such items are derecognized from the books. Gains and losses on disposal of assets are determined by comparing proceeds with their carrying amounts and are recognized in the income statement in the year of de- recognition.

3.11 Statutory deposit

The statutory deposit represents 10% of the paid up capital of the Company deposited with the Central Bank of Nigeria (CBN) as mandated by the Insurance Act 2003. The deposit is measured at cost and interest is paid twice annually at rates determined by the CBN

3.12 Insurance and Investment Contract

The Company issues contracts that transfer insurance risk or financial risk or both. For the purposes of valuations and profit recognition, contracts are divided into investment and insurance contracts. Insurance contracts are those contracts that transfer significant insurance risk to the Company, whereas investment contracts transfer financial risk. Investment contracts are comprised of the liabilities on policies in force as actuarially computed on the reporting date.

3.12.1. Classification contracts

A contract is classified as an insurance contract where the Company accepts significant insurance risk by agreeing with the policyholder to pay benefits if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiaries. Significant insurance risk exists where it is expected that for the duration of the policy or part thereof, policy benefits payable on the occurrence of the insured event will exceed the amount payable on early termination, before allowance for expense deductions at early termination. Once a contract has been classified as an insurance contract, the classification remains unchanged for the remainder of its lifetime, even if the insurance risk reduces significantly during this period

a. Insurance contract liabilities

Insurance policy claims received up to the last day of each financial period and claims incurred but not reported (IBNR) are provided for and included in the policy liabilities. Past claims experience is used as the basis for determining the extent of the IBNR claims

Income from reinsurance policies are recognised concurrently with the recognition of the related policy benefit. Insurance liabilities are presented without offsetting them against related reinsurance assets.

Insurance liabilities are retained in the statement of financial position until they are discharged or cancelled and/or expire. The Company performs a liability adequacy test to determine the recognised insurance liabilities and an impairment test for reinsurance assets held at each reporting date.

i.)Reserving methodology and assumptions
a. Data segmentation
For the Corporate plans, ulimate claims were projected using Basic Chain Ladder ("BCL") and Bornhuetter Ferguson ("BF") methods. Paid claims and outstanding claims are then deducted from the ultimate claims to determine the IBNR. For the Personal plans and International Plans, the Loss Ratio ("LR") method is used to project the ultimate claims. Paid claims and Outstanding claims are then deducted from the ultimate claims to determine the IBNR.

Basic Chain Ladder Method

BCL method is appropriate where there is significant data as we see for the Corporate plans. The methodology assumes that past experience is indicative of future experience i.e. claims recorded to date will continue to develop in a similar manner in the future

Bornhuetter-Ferguson Method

BF method is used to determine reserves for periods where there is high variability in loss development patterns. This is the methodology we have used to determine reserves for the most recent two (2) months of the Corporate plans. This method is based on the expected loss ratios

Loss Ratio Method

LR method is appropriate where there is limited data available as we see in the Personal plans and International plans. An ultimate loss ratio is assumed from previous years' experience and the reserve is calculated as: (Ultimate Loss Ratio x Earned Premiums) - Paid Claims - Outstanding Claims

An unexpired premium reserve is included after allowing for acquisition expenses. The UPR is tested against an additional Unexpired Risk Reserve (AURR), using pooled industry claims data for the underlying assumptions. The resulting AURR is zero, giving comfort that the UPR is sufficient.

3.12.2. Commission income
Commission income is recognized on ceding business to the reinsurer, and are credited to the profit and loss account.

3.12.3. Underwriting expenses
Underwriting expenses comprise acquisition and maintenance expenses.

Underwriting expenses for insurance contracts are recognized as expense when incurred, with the exception of acquisition costs which are recognized on a time apportionment basis in respect of risk.

3.13 Investment contracts
Investment contracts are those contracts that transfer financial risk with no significant insurance risk. Investment contracts comprise interest linked funds. Interest linked investment contracts are measured at amortised cost.

3.14 Trade and other payables
Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one-year discounting is omitted.

3.15 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at the rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

3.17 Share capital & reserves

3.17.1 Share capital.

The Company classifies ordinary shares and share premium as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to issue of shares are recognized as deductions from equity net of any tax effects

3.17.2 Dividend on ordinary shares

Dividends on the Company's ordinary shares are recognized in equity in the period in which they are paid or, if earlier, approved by the Company's shareholders.

Dividend distribution to the Company's shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders. Dividends that are proposed but not yet declared are disclosed in the notes to the financial statements.

3.18 Contingency reserves

21. Contingency reserves (1) An insurer shall establish and maintain contingency reserves to cover fluctuations in securities and variations in statistical estimates. (2) The contingency reserves shall be credited with an amount not less than 3 per centum of the total premium or 20 per centum of the net profits (whichever is greater) and the amount shall accumulate until it reaches the amount of the minimum paid-up capital or 50 per centum of the net premiums (whichever is greater).

3.19 Asset revaluation reserve

Assets revaluation reserves represents the fair value differences on the revaluation of items of property, plant and equipment as at the balance sheet date.

3.20 Fair value reserve

Fair value reserves represent the fair value differences on available for sale financial assets carried at fair value as at the balance sheet date.

3.21 Earnings per share

The Company presents Basic Earnings Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period excluding treasury shares held by the Company.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.22 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or the Company has a present obligation as a result of past event which is not recognized because it is not probable that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated. Contingent liabilities normally comprise legal claims or court processes in respect of which a liability is not likely to crystallize.

3.23 Insurance contract - Recognition and measurement

3.23.1 Gross premium written

Gross premiums written comprise the premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period.

Premiums on reinsurance inward are included in gross written premiums and accounted for as if the reinsurance was direct business, taking into account the product classification of the reinsured business.

Outward reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct insurance or reinsurance business assumed. Outward reinsurance premiums are recognized as an expense in accordance with the pattern of premium earned.

3.23.2 The earned portion

The gross premium earned represents premiums as earned from the date of attachment of risk, over the insurance period on a time apportionment basis.

3.23.3 Unearned premiums

Unearned premiums are proportion of premiums written in the year that relate to periods of risks after the reporting date. It is computed separately for each insurance contract using a time proportionate basis, or another suitable basis for uneven risk contracts. Provision for unexpired risk is made for unexpired risks arising where the expected value of claims and expenses attributable to the unexpired period of policies in force at the reporting date exceeds the unearned premium in relation to such policies after deduction of any deferred acquisition costs.

3.23.4 Reinsurance assets and liabilities

The Company cedes reinsurance in the normal course of business for the purpose of limiting its net potential losses on policies written. Premium ceded comprise written premiums ceded to reinsurers, adjusted for the reinsurers' share of the movement in the provision for the unearned premiums. Reinsurance arrangements do not relieve the Company from its

The benefits to which the Company is entitled under its reinsurance contracts held are recognized as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognized as an expense when incurred.

The Company has the right to set-off re-insurance payables against the amount due from re-insurance and brokers in line with the agreed arrangement between both parties.

Reinsurance recoverable are estimated in a manner consistent with the outstanding claims provision and claims incurred associated with the reinsurers polices and in accordance with the related insurance contract. They are measured at their carrying amount less impairment charges. Amounts recoverable under reinsurance contracts are assessed for impairment at each reporting date. If there is objective evidence of impairment, the Company reduces the carrying amount of its insurance assets to its recoverable amount and recognizes the impairment loss in the income statement.

3.23.5 Reinsurance expense

Reinsurance expense represents outward premium paid to reinsurance companies less the unexpired portion as at the end of the accounting year.

3.23.6 Claims expenses

a. Claims expenses

Claims and loss adjustment expenses are charged to statement of profit or loss and other comprehensive income as incurred based on the estimated liability for compensation owed to the contract holders or beneficiaries. They include direct and indirect claims settlement cost and arise from events that have occurred up to the reporting period, whether they have been reported or not. The Company does not discount its liabilities for unpaid claims.

b. Outstanding claims

The provision for outstanding claims, is estimated based on historic information on reported cases and the ultimate liability may vary as a result of subsequent information and events and may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provision for prior years are reflected in the income statement in the financial period in which adjustments are made, and disclosed separately if material.

Reinsurance recoverable are recognized when the Company records the liability for the claims and are not netted off claims expense but are presented separately in the income statement.

3.23.7 Receivable and payables related to insurance contracts

Insurance receivables and payables are recognized when due. These include amounts due to and from agents, brokers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognizes the impairment loss in the income statement. The Company determines the objective evidence that an insurance receivable is impaired using the same methodology adopted for financial assets held at amortized cost. The impairment loss is calculated using the same method

3.24 Revenue recognition

3.24.1 Insurance contracts:

Revenues and expenses in respect of insurance contracts are summarized in note 3.12.

3.24.2 Investment and other operating income

Investment income comprises interest income earned on short- term deposits, rental income and income earned on trading of securities including all realized and unrealized fair value changes, interest, dividends and foreign exchange differences. Investment income is accounted for on an accrual basis.

Interest income and expenses for all interest-bearing financial instruments including financial instruments measured at fair value through profit or loss, are recognized within 'investment income' and 'finance costs' in the income statement using the effective interest rate method. Fees and commissions that form part of an integral part of the effective yield of a financial instrument are recognized as an adjustment to the effective interest rate of the instrument. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at

3.24.3 Dividend income

Dividend is recognized as earned when the quoted price of the related security is adjusted to reflect the value of the dividend and is stated net of withholding tax. Scrip dividend is recognized on the basis of the market value of the shares on

3.25 Management and other operating expenses

Management expenses are expenses other than claims and underwriting expenses. They are accounted for on an accrual basis and comprise the following:

3.25.2 Other operating expenses

These include depreciation expenses and other operating expenses. They are recognized on an accrual basis.

3.26 Hypothecation of Assets

The Company structured its assets to meet the requirements of the Insurance Act 2003 wherein the policyholders' assets and funds are not co-mingled with assets and funds that belong to shareholders and other funds.

In particular, investment properties, investment securities (equities and fixed income securities) and insurance funds hypothecated to policyholders are distinguished from those owned by the shareholders.

3.27 Segment reporting

A segment is a distinguishable component of the Company that is engaged in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company's primary format for segment reporting is based on business segments.

3.28 Leases

Leases (right-of-use asset) are accounted for in accordance with IFRS 16 and are accounted for in line with the company being the lessee. At the commencement date, the Company recognises a right-of- use asset at cost and a lease liability, where applicable, at the present value of the lease payments that are not paid at that date.

The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs incurred by the lessee and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

After the commencement date, the company measures the right-of- use asset at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. The Company subsequently measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications.

4. INSURANCE RISK

The risk in any insurance contract is the possibility of the insured event occurring and the uncertainty of the amount of the resulting claim. Because of the nature of an insurance contract, this risk is random and thus unpredictable.

The primary risk that the Company confronts under its insurance contracts is that actual claims and benefit payments exceed the carrying amount of the insurance obligations for a portfolio of insurance contracts where the theory of probability is used to pricing and provisioning. This might happen if the frequency or severity of claims and compensation is higher than expected. Insurance events are unpredictable, and the actual number and quantity of claims and payouts will differ from year to year compared to the level established using statistical methodologies.

According to past experience, the larger the portfolio of identical insurance contracts, the lower the relative unpredictability around the projected outcome. Furthermore, a more diverse portfolio is less likely to be impacted by a change in any subset of the portfolio. The company has created its insurance underwriting approach to diversify the types of insurance risks taken and to obtain a sufficiently broad population of risks within each of these categories to lessen the unpredictability of the expected outcome. A lack of risk diversification in terms of kind and quantity of risk is one of the factors that aggravates insurance risk. The nature and management of these hazards are summarized in this section.

4.1 Underwriting Risk

Underwriting risk relates mainly to the uncertainty that the insured event will occur. The nature of an insurance contract is that the timing and size of claims are uncertain and therefore unpredictable. These include th contracts namely; Aviation, Oil & Gas (Energy), Engineering, Fire, General Accident, Motor, Marine Cargo & Hull. Volatility may result from large concentrations of risk or from charging inadequate premiums relative to the severity or incidence of the risk accepted. Inadequate policy wording may fail to protect the insurer from claims that were not envisaged when the product was priced. Insurance events are random and the actual number and amount of underwriting benefits will vary from the best estimates established from statistical techniques and taking cognisance of past experience. The company manages these risks through its underwriting strategy, reinsurance arrangements and claims handling processes.

The following policies and practices are used by the Company as part of its underwriting strategy to mitigate underwriting risk:

(i) All insurance product additions and alterations are required to pass through the approvals framework that forms part of the governance process. The statutory actuary approves the financial soundness of new and revised products.

(ii) The Company's underwriting strategy aims to ensure that the underwriting risks are well diversified in terms of type (medical, occupational, financial) and amount of risk covered. Whilst this is difficult to measure at underwriting stage, the success or failure of the strategy may be measured by the historical stability of profits emerging from the book of business.

(iii Premium rates are required to be certified by the statutory actuary as being financially sound, prior to issuance.

(v The right to re-rate premiums is retained as far as possible, although this is limited by competitive pressure.

(v Investigations into claim experience are conducted at least half yearly to ensure that corrective action is taken where necessary.

4.2 Severity of claims

The company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling and investigations. Underwriting limits are in place to enforce appropriate risk selection criteria.The reinsurance arrangements include treaty and excess of loss coverage, it helps to mitigate the company's risk of total net insurance losses, increases our underwriting capacity,reduces our exposures to catastrophic risk and gives us an opportunity of benefit from the reinsurers' expertise. The company has specialized claims departments that deal with the risk reduction associated with claims. All claims are investigated and adjusted by this unit. Individual claims are evaluated quarterly and amended to reflect the most recent information on the underlying facts, contractual terms and circumstances, and other considerations. To decrease its exposure to unpredictability, the company aggressively monitors and seeks early claim settlements.

4.3 Concentration risks

The concentration of insurance risk before and after reinsurance by class of business in relation to the type of insurance risk accepted is summarised below, with reference to the carrying amount of the estimated insurance liabilities (gross and net of reinsurance) arising from insurance contracts:

	As at 31st December 2021 (NGN 000)		
Liability	Gross	Reinsurance	Net
Claims Liability			
Unpaid Claims	177,653	81,909	95,744
IBNR	241,408	(0)	241,408
Premium Liabilities			
UPR	1,383,005	478,091	904,914
DAC	368,118	60,682	307,436

4.4 Sources of uncertainty in the estimation of future claim payments.

Claims on non-life insurance contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract. There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures adopted. The reserves held for these contracts comprises a provision for Incured but not Reported (IBNR), a provision for reported claims not yet paid and a provision for unearned premiums at the end of the reporting period.

Reinsurance Agreements

Reinsurance is allowed for in the valuation by having gross and reinsurance ceded records in the policy files. For IFRS compliance purposes all reserves were reported gross of reinsurance, with the value of the reinsurance asset calculated and reported separately.

5 Valuation methods

Heirs Insurance Limited is faced with data limitation being its first year in operation, a statistical analysis could not be used in estimation of the claims reserve as at 31st December 2021 (i.e. using using such methods as Chain Ladder and Bornhuetter Ferguson). This was mainly because the data provided was not sufficient to carry out full actuarial projection.

As a result, we applied a factor on the current incurred loss ratios based on industry and peer loss ratios to compute the Gross IBNR.

Overall, the approach taken to compute the IBNR is as summarised below.

A loss assumption, derived using this method earlier mentioned, was applied to this Gross Earned Premium for the last 1 year per class of business.

The claims paid and the OCR as at 31st of December 2021 were then subtracted from this ultimate amount to come up with the Gross IBNR

The net IBNR was then obtained by applying suitable 1-year recovery ratios per class of business.

4.5.1 Enterprise Risk Management

Culture and Philosophy

Our risk management philosophy and culture represent our shared values, purpose and practice of how we consider risk in our day-to-day operations across all levels. As insurers, we anticipate risks and in advance, respond proactively. We regard every one of our employees as a risk manager and we all take individual and collective ownership of the risk management responsibilities. We weigh the risk and reward inherent in our daily transactions and pursue those that support value creation to all stakeholders. We have zero tolerance for infractions of laws and regulations.

4.5.2 Operational Risk Management

Operational Risk is the risk of loss resulting from inadequate and /or failed internal processes, people and systems or from external events, including legal risk and any other risks that is deemed fit on an ongoing basis but exclude reputation and strategic risk. Operational risk exists in all products and business activities. Operational risk is considered a critical risk faced by the Company.

The company proactively identifies, assesses and manages all operational risks by aligning the people, technology and processes with best risk management practices towards enhancing stakeholders' value and sustaining industry leadership. Operational risks are identified by the assessment covering risks facing each business unit and risks inherent in processes, activities and products.

Heirs Insurance manages its exposure to operational and other non-financial risks using the operational risk management model which involves the process of identification, assessment, response and control, reporting and monitoring of risks. Risk Champions at business unit and operational levels are responsible for identifying operational risks which arise in their area of the business.

Operational risk objectives includes the following:

- To provide clear and consistent direction in all operations of the Company.
- To provide a standardized framework and appropriate guidelines for creating and managing all operational risk exposures.
- To enable the Company identify and analyze events (both internal and external) that impact on its business.
- To put in place sound disaster recovery plan and actions for the Company.

The techniques employed by the company in its measurements include the following: Risk Control Self Assessment (RCSA): Key Risk Indicators (KRIs) and the Risk Register. These tools have been quite useful in the identification, measurement and analyses of operational risk in the Company. These are subject to review from time to time.

Training and sensitisation on operational risk is carried out on an ongoing basis across the company.

There was no significant operational risk incidence during the financial year.

Models for risk collation and analysis are deployed across the organisation to identify and assess risks. The operational risk models assist the company in implementing risk policies as it relates to the following:

Loss Incident Reporting – Loss incidents are reported to Enterprise Risk Management team by all operational units within the company. All staff are encouraged to report operational risk events as they occur in their respective business spaces whether these risks crystallize into actual losses or not.

Risk and Control Self Assessments (RCSA) – This is a qualitative risk identification tool deployed across the company. All departments are required to complete the Risk Self-Assessment process at least once a year. A risk-based approach has been adopted for the frequency of RCSAs to be conducted in the company. These assessments enable risk profiling and risk mapping of prevalent operational risks company-wide. A detailed risk register classifying key risks identified and controls for implementation is also developed and maintained from this process.

Integrated Risk and Control System (IRCS) – This is a coordinated approach of assessing risk and control using a unified framework.

Objectives of Insurance Risk:

Key Risk Indicators (KRI) – These are quantitative parameters defined for the purpose of monitoring operational risk trends across the company. A comprehensive KRI dashboard is in place and it is supported by specific KRIs for key departments. Medium – High risk trends are reported in the monthly and quarterly operational risk status reports circulated to Management and key stakeholders.

Health and Safety procedures – The Company strive to entrench global best practices for ensuring the health and safety of all staff, customers and every visitor to the company's premises. A Health Safety & Environment policy which complies with international standard is implemented across the company to ensure the environment where the company operates is safe for everyone. Health related incidents are recorded company-wide for identification of causal factors and implementation of appropriate mitigants to forestall recurrence. As a result, fire drills are conducted and monitored. Training and sensitization on operational risk is carried out on an ongoing basis across the company. There was no material operational risk incidence during the financial year.

(b Strategic risk

Strategic risk examines the impact of design and implementation of business models and decisions, on earnings and capital as well as the responsiveness to industry changes. This responsibility is taken seriously by the Board and Executive management of the Company and deliberate steps are taken to ensure that the right models are employed and appropriately communicated to all decision makers in the Company. The execution, processes and constant reviews ensures that strategic objectives are achieved. This has essentially driven the Company's sound Insurance culture and performance record to date.

(c Legal risk

Legal risk is defined as the risk of loss due to defective contractual arrangements, legal liability (both criminal and civil) incurred during operations by the inability of the organisation to enforce its rights, or by failure to address identified concerns to the appropriate authorities where changes in the law are proposed.

The Company manages this risk by monitoring new legislation, creating awareness of legislation amongst employees, identifying significant legal risks as well as assessing the potential impact of these.

Legal risks management in the Company is also being enhanced by appropriate product risk review and management of contractual obligations via well documented Service Level Agreements and other contractual documents.

The Company also has a team of well experienced professionals who handle legal issues across the Company.

(d Reputational risk

It is recognised that the Company's reputation may suffer adversely due to bad publicity, non-compliance with regulatory rules and legislation, which may lead to a significant drop in new business and/or a significant increase in the number of lapses and/or withdrawals.

The Company promotes sound business ethics among its employees.

(d Reputational risk

The Company also strives to maintain quality customer services and procedures and business operations that enable compliance with regulatory rules and legislation in order to minimize the risk of a drop in the reputation of the Company. The Company did not record any issue with major reputational effect in the financial year.

(e Taxation risk

Taxation risk refers to the risk that new taxation laws will adversely affect the Company and/or the loss of non-compliance with tax laws.

The taxation risk is managed by monitoring applicable tax laws, maintaining operational policies that enable the Company to comply with taxation laws and, where required, seeking the advice of tax specialists.

(f) Regulatory risk

The Company manages the regulatory risk which it is potentially exposed to by monitoring new regulatory rules and applicable laws, and the identification of significant regulatory risks. The Company strives to maintain appropriate procedures, processes and policies that enable it to comply with applicable regulation.

The Company has continued to maintain zero tolerance posture for any regulatory breaches in all its area of operations. The strengthening of Compliance during the financial year has further enhanced the process of management of regulatory risk across the Company.

(g Persistency risk

Persistency risk relates to the risk that policyholders may withdraw their benefits and terminate their contracts prior to the contractual maturity date of the contract. Expenses such as commission and acquisition expenses are largely incurred at the outset of the contract. These upfront costs are expected to be recouped over the term of a contract from fees and charges from the contract. Therefore, if the contract is terminated before the contractual date, expenses might not have been fully recovered, resulting in losses being incurred.

(h Expense risk

There is a risk that the Company may experience a loss due to actual expenses being higher than those assumed when pricing and valuing policies. This may be due to inefficiencies, higher than expected inflation, lower than expected volumes of new business or higher than expected terminations resulting in smaller in-force policies. To manage this risk, the Company performs expense investigations annually and sets pricing and valuation assumptions to be in-line with the actual expenses experience, with allowance for inflation.

The Company's exposure to unexpected increases in the inflation rate is expected to be minimal due to the short-term nature of the business and their ability to review premium rates at renewals (typically on an annual basis).

(i) Business Volume Risk

There is a risk the Company may not sell sufficient volumes of new business to meet the expenses associated with distribution and administration. A significant portion of the new business acquisition costs are variable and relate directly to sales volumes.

(j) Capital Adequacy Risk

There is a risk that the capital held by the Company to back its insurance liabilities may prove to be inadequate on a regulatory solvency basis. This may then lead to intervention by the Regulator and may further lead to a fall in the reputation of the Company (see Reputational risk above for further details). At an extreme, the Regulator may require the Company not to write new businesses. This will have a further negative impact on the Company.

This risk is monitored and assessed by performing annual valuations on the insurance liabilities performed by an independent valuation actuary, calculating the Outstanding Claims Reported (OCR) and Incurred But Not Reported (IBNR) contingency reserve, monitoring any regulatory rules applying to the assets and the adequacy of the assets to back the liabilities and adopting an investment strategy which is aimed at investing in admissible assets and maintaining adequate capital. Refer to solvency margin sheet for computaion.

In addition, sensitivity and scenario analysis are performed to assess the Company capital adequacy under various scenarios and to ensure that the Company will remain financially sound under some stressed economic conditions.

Model risk

There is a risk that the Company may suffer a loss if the model used to calculate the insurance liabilities does not project expected cash flows under the insurance contracts accurately. The expected cash flow projections may be inaccurate either due to the model itself being incorrect, inappropriate to the policies being valued or inaccurate and/or the underlying assumptions used in the model being inappropriate.

The Company makes use of an independent valuation actuary to value its liabilities. The models being used to value the liabilities are, therefore, not internal to the Company but belong to an external third party. The model risk underlying the use of third party models are addressed by:

· Regular actual versus expected cash flow investigations to assess the appropriateness of the external models; and

. Detailed investigations performed annually to ensure the integrity of the data used in the valuation process.

Sustainability Report

The Company is committed to sustainable development and the responsible stewardship of resources. This implies developing solutions that link economic success with social responsibility, which requires balancing short and long term goals and interests and integrating economic, environmental and social considerations into business decisions across the board.

The Environmental and Social Management System

Heirs Insurance has incorporated the environment and social facets of risk management, as an ancillary function to mainstream insurance risk underwriting, we remains passionate and dedicated to managing the potential Environmental & Social risks of our business and applying the appropriate standards in the review of our business operations and those of our clients, as well as in our relationship with the communities in which we operate.

Our Environmental and Social risk management framework constitutes an integral part of our robust corporate governance, social responsibility and enterprise risk management strategies. Our obligation to uphold environmental and social sustainability considers the occupational and community health, safety and security concerns of the businesses we underwrite and advocates social responsiveness amongst our clients in relation to these risks. We are taking a more serious look at the environmental and social impacts and risks potentially associated with our business activities as we strive to retain our standards and the delicate balance between ensuring viable competitiveness and delivering on our corporate social responsibilities. This is evident in our constant improvement of the ESMS tools and processes we use to ensure that it continues to function efficiently and effectively, we put other identified E&S risk that emerge in the course of the year into consideration as well as ensure that changes in relevant environmental standards are reflected.

The management of E&S risks is governed by its Environmental & Social Management System (ESMS) framework- which consists of a policy, a set of procedures to identify, assess and manage environmental and social risks in our clients' operations and the assignment of administering such responsibility by the Enterprise Risk Management (ERM) unit

In addition, through our Environmental & Social Management System processes, we evaluate our clients' current capabilities in managing identified environmental & social risks that could arise in the cause of their business operations and we offer advisory services and also assist in developing E&S framework as value- added service.

The management of E&S risks is governed by its Environmental & Social Management System (ESMS) framework-this is a policy, set of procedures to identify, assess and manage environmental and social risks in our clients' operations and the assignment of administering such responsibility to the Enterprise Risk Management (ERM) unit.A significant contribution we are making to socioeconomic development is in creating awareness by training and building the capacity of our employees in the subject of sustainability .

The Company's Internal Control and Risk Management systems ensure that material errors or inconsistencies in the financial statements are identified and corrected. The Company's internal control framework is patterned after the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) Framework.

COSO defines internal control as "a process effected by an entity's Board of Directors, Management and other personnel, to provide reasonable assurance regarding the achievement of objectives" in three categories--effectiveness and efficiency of operations; reliability of financial reporting; and compliance with applicable laws and regulations. The scope of internal control therefore extends to policies, plans, procedures, processes, systems, activities, functions, projects, initiatives, and endeavors of all types at all levels of the Company.

The Internal Control and Risk Management systems comprise the following areas:
• Control Environment
• Risk Assessment
• Control Activities
• Information and Communication
• Monitoring

Control Environment

The Company's Senior Management has set up control structure to ensure control activities are defined at every business area. Examples of the Company's control activities include the following:

Top Management Reviews
• Internal Audit Reports eliciting control weaknesses are presented periodically to Management and Board Audit Committee.
• Preparation of financial statements on a monthly basis for Management review.
• Monthly and quarterly profitability review, where the Company's financial performance is reviewed and compared with set budgets.
• Quarterly reports of the Chief Risk Officer to the Board, eliciting the existing and potential risks facing the Company and the mitigants deployed.

Activity Control
Approval and Authorisation Limits

• There are segregation of duties; no officer can start and conclude transactions
• Limits exist for credit and expense approvals. Transactions are approved at appropriate levels.

Information and Communication/ Monitoring

The Company's Management understands the need for a timely, reliable and accurate information flow within the Company, for effective decision making and enhanced financial reporting. Every activity of the Company is codified in the Company's Standard Operating Procedure (SOP), which outlines the process flow and specifies the duties and responsibilities of every officer in relation to the activity. The SOP further highlights requirement for reporting, the frequency of reporting as well as those within the organization to whom the report would be directed to.

The following are some of the generic internal reports used by Management for decision making and monitoring purposes:

• FINSTAT- Financial Statements Report
• MPR- Monthly Profitability Report
• BPR- Business Profitability Report
• ECR- Expense Control Report

Regulatory Requirements under IFRS Regime

The insurance sector in Nigeria adopted the International Financial Reporting Standards (IFRS) on January 01, 2012, as part of a measure to improve reporting practices, transparency, and disclosure in line with international best practices in the sector. The National Insurance Commission has issued a roadmap for the adoption of IFRS 17 insurance contracts for the insurance industry in Nigeria. This includes the performance of gap analysis and impact assessment, design desired state and develop new architecture, implementation of new process and system, review and adoption of IFRS 17.

The Company adheres to this regulation in its totality as the Company's system and processes are designed to recognize only covers for which premium has been received. Where we have receivable within the provision of the guidelines in the case of Brokers, other Insurance Companies and Reinsurers, we keep such in our books in line with the prescribed duration of 30 days and ensure credit notes are received.

Credit Risk

Financial risk management
The Company's operations subject it to a number of financial risks, including credit risk, liquidity risk, and market risk (including foreign exchange risks, interest risk and equity price risks). The entire risk management program of the Company attempts to minimize any negative consequences on the Company's financial performance.

Responsibility for risk management
Risk management is ultimately the responsibility of the board. The board's enterprise risk management committee has been tasked with evaluating the quality, integrity, and dependability of the Company's risk management systems.

(i) The ERMC provides executive oversight and review of the information presented by the Chief Compliance Officer.

(ii) The Chief Executive Officer is accountable to the board for the management of risks facing the Company and is supported in the management of these risks by business unit executives and line management.

(iii) The Risk Officer acts on behalf of the board and the board ERMC & GC to provide guidance and oversight over the implementation of risk management processes in specialized risk disciplines as well as to coordinate risk reporting at corporate level.

(iv) The asset managers provide specialized guidance to the board ERMC & GC in respect of all investment strategies and the optimization of investment returns and the management of related risks.

(v) The asset managers execute all investment related decisions in accordance with fund mandates and oversight from the board ERMC & GC and the custodianship of all investments vests in nominee accounts managed by assets custodian.

Credit risk is the risk that one party to a financial instrument may cause the other party financial loss by failing to perform an obligation.
The Company accepts credit risk, which is the risk that one party may create a financial loss to the other party by failing to fulfill an agreement. There is no major concentration of credit risk in the Company. All debt investments are public debt investments made in conformity with the Company's goal."

Apart from government bonds, there is little rated paper in Nigeria's jurisdictions. Local investments done inside Nigeria's jurisdictions must be carried out with counterparties with strong credit ratings. There is no exposure to leveraged credit instruments, which are instruments in which exposure to a single business or a small group of companies might generate bigger losses throughout the portfolio than the proportionate share of the defaulting firm or entities.

Cash at banks, placements with financial institutions, treasury bills, FGN bonds, trade receivables, statutory deposit, other receivables, and reinsurance assets (i.e. reinsurers' share of insurance liabilities, amounts due from reinsurers for claims already paid) are the sources of the Company's credit risk exposure.

The company's maximum credit risk exposure is as follows:

	31-Dec-21	31-Dec-20
	N'000	N'000
Cash and Cash Equivalents	372,102	3,745,303
Financial Assets	6,410,729	-
Trade Receivables	506,461	-
Reinsurance Assets	658,143	-
Right of Use Asset	703,689	751,918
Other Receivables & Prepayments	209,253	-
Deferred Acquisition Cost	368,118	-
Statutory Deposits with CBN	1,000,000	5,000,000
	10,228,495	9,497,221

Concentration of risks of financial assets with credit risk exposure

(a) Geographical sectors
All credit risk exposures (without taking into account any collateral held or other credit support) are maintained within Nigeria.

(b) Industry sectors
The Company is exposed to various industries as shown below:

	31-Dec-21		
	Financial institution	Public Sector and others	Total
	N'000	N'000	N'000
Cash and Cash Equivalents	372,102	-	372,102
Financial Assets	6,410,729	-	6,410,729
Trade Receivables	506,461		506,461
Reinsurance Assets	658,143	-	658,143
Right of Use Asset	703,689	-	703,689
Other Receivables & Prepayments	209,253	-	209,253
Deferred Acquisition Cost	368,118	-	368,118
Statutory Deposits with CBN	1,000,000	-	1,000,000
Total	10,228,494	-	10,228,494

Credit quality of financial assets
All of the company's financial assets are current and not past due. External credit ratings can be used to assess the credit quality of the company's financial assets that are neither past due nor impaired (Fitch Ratings Inc.). The danger of default is seen as minimal.

	31-Dec-21		
	A to BBB+	Unrated	Total
	N'000	N'000	N'000
Cash and Cash Equivalents	372,102		
Financial Assets	6,410,729		6,410,729
Trade Receivables		506,461	506,461
Reinsurance Assets		658,143	658,143
Right of Use Asset	-	703,689	703,689
Other Receivables & Prepayments	-	209,253	209,253
Deferred Acquisition Cost	-	368,118	368,118
Statutory Deposits with CBN		1,000,000	1,000,000
Total	6,782,831	3,445,663	9,856,392

Liquidity risk
Liquidity risk is the risk that the firm will not have the financial resources to satisfy its commitments when they come due, or that it will have to meet the obligations at an exorbitant cost. This risk might be caused by misalignments in the timing of cash flows. In severe cases, a shortage of liquidity may result in decreases in the statement of financial position and asset sales, as well as an inability to meet policyholder promises. The risk that the Company will be unable to do so is inherent in all insurance operations and can be influenced by a variety of institution-specific and market-wide events such as credit events, merger and acquisition activity, systemic shocks, and natural catastrophes, among others.

All policyholder funds are invested in appropriate assets in order to fulfill policyholders' reasonable benefit expectations, which include the assumption that funds would be available to pay out benefits as required under the policy contract. The carrying amount in the statement of financial position is used to determine the value of policyholders' liabilities and the assets that support them.

Market risks
The Company is exposed to market risk through the use of financial instruments and specifically to foreign exchange risks and equity price risks.

Foreign exchange risks
The company holds assets denominated in currencies other than the functional currency. The exchange rate ruling at the date of preparation of the financial statement is used to ascertain the net position of the foreign currency. The financial unit monitors the Company's foreign currency position on a monthly basis.

The Company's exposure to foreign exchange risk is limited to the US dollars domiciliary account balance of $111,985.82 (31-Dec-21) Changes in exchange rates relative to these foreign currency balances have material impact in the financial statements.

Heirs Insurance Limited has investment in foreign excahnge to hedge the risk of volatility of foreign currency in the occurance of claims in foreign currency.

Interest rate risks
The Company is exposed to interest rate risk as a result of variations in market interest rates. The interest-bearing assets and liabilities of the company subject it to interest rate risk. The Company controls interest rate risk by integrating financial assets with maturities of less than 12 months in its portfolio of financial assets. Short-term bank deposits, treasury bills, and bonds are examples of such financial assets.

Capital management
Heirs Insurance Limited seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and policyholders.
The Company's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital level on a regular basis and taking appropriate actions to influence the capital position of the company in the light of changes in economic conditions and risk characteristics. An important aspect of the company's overall capital management process is the setting of target risk adjusted rates of return, which are aligned to performance objectives and ensure that the company is focused on the creation of value for shareholders.

The Company's primary source of capital includes its equity shareholders' funds. Heirs Insurance Limited also utilizes adequate and efficient reinsurance arrangements to protect shareholders' funds by reducing the need for further funding following unfavorable events such as catastrophes or large claims through treaty and facultative reinsurance arrangements.

The Company's monthly management accounts are subjected to models which simulate the actuarial process so that the board is continually aware of the actuarial consequences of the Company's financial results. This process, inter alia, ensures that the maintenance of regulatory minimum capital is constantly monitored.

	31-Dec-21 N'000	31-Dec-20 N'000
Maximum Regulatory Capital	5,000,000	5,000,000
Maximum authorized capital	5,000,000	5,000,000
Paid up share capital	10,000,000	10,000,000

The key objectives of the Company's capital management programme are as follows:

(i) To maintain an optimal level of capital in the most cost efficient way. This is achieved through balancing the needs of the regulators and the policyholders;

(ii) To manage the levels of capital across the Company to keep them in line with the long term capital requirements of the Company;

(iii) That the level of capital reflects the Company's risk appetite;

(iv) To optimise the level of capital, the investment of capital and the future use of the capital for the benefits of all stakeholders; and

(iv) To ensure that there is sufficient capital available for profitable business growth.

Fair value of financial assets and liabilities

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

No level 1

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e as prices) or indirectly (i.e. derived from prices). This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

Level 3: Inputs, for the asset or liability, that are not based on observable market data.

Financial instruments measured at fair value

The table below analyses financial instruments and other assets and liabilities measured at fair value at the end of the year, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Company 31-Dec-21 Level 1 N'000	Level 2 N'000	Level 3 N'000	Total balance N'000
Financial assets at FVTPL		-	-	-
	-	-	-	-

	Company 31-Dec-20 Level 1 N'000	Level 2 N'000	Level 3 N'000	Total balance N'000
Financial assets at FVTPL	-	-	-	-
	-	-	-	-

Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions change. The Management believe that the underlying assumptions are appropriate and that the Company's financial statements therefore present the financial position and results fairly.

Management makes estimates and assumptions that affect the reported amounts of assets and liabilities. The underlying judgments of the selection and disclosure of the Company's critical accounting policies and estimates, and the application of these policies and estimates are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting judgements made in applying the Company's accounting policies include:

(i) Actuarial valuation of insurance contracts liabilities

Heirs Insurance Limited (Heirs Insurance) commissioned Zamara Consulting Actuaries Nigeria Limited (Zamara) to perrform its first Insurance Liability valuation as at 31st December, 2021, being the first year since it began its operation.

The Insurance liability Valuation of a general insurance company is internationally recognised as best practice for insurance companies. The insurance Liability Valuation involves determining best estimates (applying the prescribed methodologies) of Outstanding Claims Liabilities and the premium Liabilities of insurers.

Expected credit loss

The measurement of the ECL allowance for financial assets measured at AC and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour.

(iii) Depreciation and carrying value of property andequipment

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

Determination of impairment of property and equipment, and intangible assets

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. The Company applies the impairment assessment to its separate cash generating units. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

(iv) Recognition of deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

a. temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

b. temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

(iv) *Determining the lease term*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors, including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and is within the control of the Company.

STATEMENTS OF FINANCIAL POSITION

	NOTES	1 Year to 31 Dec 2021 N'000	1 Month to 31 Dec 2020 N'000
ASSETS			
Cash and Cash Equivalents	6	372,102	3,745,303
Financial Assets - FVTPL	7	6,410,729	-
Financial Assets - Amortized Cost	0	1,383,515	
Trade Receivables	8	506,461	-
Reinsurance Assets	9	658,143	-
Other Receivables & Prepayments	10	209,253	-
Deferred Acquisition Cost	11	368,118	-
Right of Use Asset	12	703,689	751,918
Statutory Deposits with CBN	13	1,000,000	5,000,000
Property, Plant and Equipment	14	237,374	65,181
Intangible Assets	15	217,315	16,543
Total Assets			9,578,945
LIABILITIES			
Trade Payables	16	443,392	-
Provisions & Other Payables	17	128,137	47,966
Insurance Contract Liabilities	18	1,842,498	-
Lease Liability	19	367,561	298,723
Income Tax Payable	20	-	-
Total Liabilities		2,781,589	346,689
EQUITY			
Ordinary Share Capital		10,000,000	10,000,000
Contingency Reserve		-	-
Retained Earnings (General Reserve)		(705,579)	(759,856)
Total Equity		9,294,421	9,240,144
TOTAL EQUITY & LIABILITIES		12,076,010	9,586,833

These financial statements were authorised for issue by the board of directors on the 20 march 2021 and were signed on its behalf by:

Tony Elumelu
Chairman
FRC/2021/003/00000024357

MD/CEO

Chief Finance Officer

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Dec. 2021 N'000	Dec 2020 N'000
Gross Written Premium		3,495,947	-
Changes in Unearned Premium Reserve		(904,914)	-
Gross Premium Earned	21	2,591,032	-
Reinsurance Expenses	22	(1,681,491)	-
Net Premium Earned		909,542	-
Fees and commission income	23	161,218	-
Net Underwriting Income		1,070,760	-
Claims Expenses			
Claims Incurred	24	(112,810)	-
Change in IBNR, OCR		(418,574)	-
Gross claims incurred		(531,384)	-
Reinsurance recoveries received	25	139,132	-
Net insurance benefits and claims incurred/recovered		(392,252)	-
Underwriting Expenses	26	(282,239)	-
Underwriting Profit/(Loss)		396,268	-
Other Income/expenses	31	(143,192)	-
Fair value gain/(loss) on Financial Asset		(30,647)	
Staff costs	27	(511,696)	-
Management expenses	28	(560,040)	(497,143)
			-
Results from Operation		(1,245,575)	(497,143)
Investment income	29	903,586	32,721
Profit/(loss) before tax		54,278	(464,422)
Income tax expense	30	-	-
Current tax charge/(Income) for the year		-	
Profit/(loss) after Tax		54,278	(464,422)
Proposed Dividend		-	-
Retained Operating Profit		54,278	(464,422)
Other Comprehensive Income	-	-	-
Tax Effects on Other Comprehensive Income		-	-
Other Comprehensive Income, net of taxes		-	-
Total Comprehensive Income for the year		54,278	(464,422)

HEIRS INSURANCE LIMITED

STATEMENT OF CHANGES IN EQUITY
#REF!

prior year

Share Capital and Premium

	Share Capital	*Share Premium*	*Preference Shares*	*Share Capital*	*Share Premium*	*Preference Shares*
Balance at 1 January	10,000,000	0	0	10,000,000		
Additional paid in capital	0	0	0			
Balance at 31 December	10,000,000	-	-	10,000,000	-	-

prior year

Reserves

	Retained Earnings	*Contingency Reserve*	*Actuarial Gain/(Loss) Reserve*	*Retained Earnings*	*Contigency Reserve*	*Actuarial Gain/(Loss) Reserve*
Balance at 1 January	(759,857)	0	0			-
Transfer from P&L during the year	54,278	104,878		(759,856)		
2021 Adjusting entry		-	0			
Utilised During the year:						
Reversal of Over provision on 2014 IT tax						
Under provision for tax(2006-2011)						
Contingency Reserve	-	-				
Balance at 31 December	(705,579)	104,878	-	(759,856)	-	-

STATEMENT OF CHANGES IN EQUITY

(all amount are in thousands)	*Share Capital*	*Fairvalue Reserves*	*Contingency Reserve*	*Retained Earning*	*Total*
As at 1 Jan 2021	10,000,000	-	-	(759,857)	9,240,143
Total Comprehensive Income:					
Profit for the year	-	-	-	54,278	54,278
Other Comprehensive Income, net of tax:	-	-	-	-	-
Movement in contigency reserve	-	-	-	-	-
Total Comprehensive Income:	10,000,000	-	-	(705,578)	9,294,422
Dividend paid	-	-	-	-	-
As at 31 Dec 2021	10,000,000	-	-	(705,578)	9,294,422

(all amount are in thousands)	*Share Capital*	*Fairvalue Reserves*	*Contingency Reserve*	*Retained Earning*	*Total*
As at 1 Jan 2020	10,000,000	-	-	-	10,000,000
Total Comprehensive Income:					
Profit for the year	-	-	-	(464,422)	(464,422)
Other Comprehensive Income, net of tax:	-	-	-	-	-
Movement in contigency reserve	-	-	-	-	-
Total Comprehensive Income:	10,000,000	-	-	(464,422)	9,535,578
Dividend paid					
As at 31 Dec 2020	10,000,000	-	-	(464,422)	9,535,578

Maturity analysis (contractual undiscounted cashflow basis)

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Undiscounted contractual cash flows- 31-Dec-2021						
	Carrying amount	Gross nominal	0 - 3 months	3 - 6 months	6 - 9 months	9 months - 1 year	>1 year
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Investment contract liabilities		-			-		-
Trade payables	443,392	443,392	443,392	-	-	-	-
Other payables and accruals	128,137	128,137	128,137	-	-	-	-
Total financial liabilities	571,530	571,530	571,530	-	-	-	-
Cash and cash equivalents	372,102	275,626	372,102	-	-	-	-
Financial assets at amortised cost	1,387,205	596,967		596,967	-	-	-
Financial assets at fair value throu(	6,441,378	15,403,195	6,441,378				8,961,818
Trade receivables	506,461	506,461	506,461	-	-	-	-
Other receivables	209,253	209,253	-	-	-	209,253	-
Reinsurance assets	180,052	180,052	-	-	180,052		-
Statutory deposit	1,000,000	1,000,000		-	-	-	1,000,000
Total financial assets	10,096,451	18,171,555	7,319,940	596,967	180,052	209,253	9,961,818
Net financial assets	9,524,921	17,600,025	6,748,410	596,967	180,052	209,253	9,961,818
Insurance contract liabilities	1,842,498	1,842,498		125,774		129,937	1,586,787
Net policyholders' assets/(liabilitie	7,682,423	15,757,527	6,748,410	471,193	180,052	79,316	8,375,031

		Note	1 Year ended 31/12/2021 N'000	1 month ended 31/12/2020 N'000
6	*Cash and cash equivalents*			
	Cash & bank balances - Local		162,434	3,745,303
	Cash & bank balances - Foreign		49,015	
	Placements with banks		160,652	
			372,102	3,745,303
	Provision for expected credit loss (cash) allowance		-	
			372,102	3,745,303
	Cash and cash equivalents			
	Current Asset		372,102	3,745,303
	Non Current		-	
	Placement with banks are held for less than 90day			
7	*Financial Assets - FVTPL*			
	Fair value through profit or loss carried at fair value (FVTPL)		0	
	Treasury bills		6,441,378	
	Fair value changes		(30,647)	
			6,410,730	
			-	-
			6,410,729	
	Financial Assets - Amortized Cost			
	Investments carried at amortised cost	*2b(i)*	1,387,205	
	Provision for expected credit losses (ECL) allowance		(3,690)	
			1,383,515	-
7	*Investment Securities valued at FVTPL*			
	Treasury bills	*7a*	6,441,378	-
			6,441,378	-
	Treasury bills			
	Current Asset		6,441,378	-
	Non Current			-
			6,441,378	
	Treasury bills Movement			
	Treasury bills as at 1 January		-	-
	Additions			-
	Fair value (loss)/gain	*34*		-
				-
	Maturities			-
	Treasury bills as at 31 December		6,441,378	-
	Investments carried at amortised cost			
	Money market placement	*8a*	160,652	-
	Provision for expected credit losses (ECL) allowance	*8b*		-
				-
	Non Current		160,652	-
	Money market placement			
	Placements as at 1 January		0	
	Additions			-
	Interest income			-
	Maturities			-
	Placements as at 31 December		160,652	-
	Movement in expected credit lossess			
	Opening balance		-	-
	Charged during the year	*37*	(3,690)	-
	Closing balance		(3,690)	-

	Note	1 Year ended 31/12/2021 N'000	1 month ended 31/12/2020 N'000
8 *Trade receivables*			
Due from policyholders		-	-
Due from intermediaries		-	-
Due from brokers & insurance companies	*9a*	506,461	
Total		506,461	-
Current		506,461	-
Due from brokers & insurance companies			
0-30days		506,461	-
		506,461	-
9 *Reinsurance assets*			
Outstanding Claims recoverable	10a	180,052	-
Reinsurance Prepaid	10b	478,090	-
		658,143	-
Current		658,143	-
10 *Other receivables & prepayments*			
Prepayments	*12a*	87,690	8,428
Staff Loan	*12b*	84,213	8,428
Other receivables	*12c*	38,274	-
Allowance for impairment on other receivables	*12d*	(923)	-
		209,253	16,856
Non current		209,253	16,856
11 *Deferred Acquisition cost*			
DAC opening balance	*11a*	-	-
Movement in DAC	*11b*	368,118	-
Reinsurance asset	*11c*		-
DAC Closing Balance	*11d*	368,118	-
Current		368,118	-
Movement in reinsurance prepaid			
Balance as at 1 January		-	-
Movement in acturial reserves		(478,090)	-
Balance as at 31 December		478,090	
12 *Right of use asset*	12	703,689	751,918
		Buildings	
Balance as at 1 January		-	-
Additions during the year		35,104	
Balance as at 31 December		35,104	-
Accumulated depreciation			
Balance as at 1 January		12,744	-
Charge for the year		703,689	
Balance as at 31 December		716,433	-
Carrying amount:			
Balance as at 1 January		751,918	-
Balance as at 31 December		(681,329)	751,918
Non current		(681,329)	-
13 *Statutory deposits*			
Deposits with CBN		1,000,000	5,000,000
Current		1,000,000	-

This represents amounts deposited with the Central Bank of Nigeria (CBN) pursuant to the Insurance Act. The deposits are not available for use by the Company in the normal course of day to day business. As required in the insurance Act, N3.2Billion was refunded to the company during the year leaving N800 million representing 10% of the the paid up share capital

14 Property and equipment

Cost:	Motor vehicles	Computer Equipment	Office Furniture & Fittings	Office Equipment	Total
	N'000	N'000	N'000	N'000	N'000
At 1 January 2021	-	35,545	31,558	-	67,104
Additions during the year	44.750	17.803	115.199	23.054	200.806
Transfers during the year		-	-	-	-
Disposals/write-off during the year	-	-	-	-	-
Balance as at 31 Dec 2021	44,750	53,349	146,757	23,054	267,910
Accummulated Depreciation:					
At 1 January 2021	-	1,660	263	-	1,923
Charge for the year	6.619	9.079	8.505	4.409	28.613
Transfers during the year		-	-	-	-
Disposals/write-back during the year	-	-	-	-	-
Balance as at 31 Dec 2021	6,619	10,739	8,768	4,409	30,535
Carrying Amount:					
At 1 January 2021	-	33,886	31,295	-	65,181
Balance as at 31 Dec 2021	38,131	42,609	137,989	18,645	237,374

Cost:	Motor vehicles	Computer Equipment	Office Furniture &	Office Equipment	Total
	N'000	N'000	N'000	N'000	N'000
At 1 January 2020					
Additions during the year	-	35,545	31,558	-	67,104
Balance as at 31 Dec 2020	-	71,625	5,501	68,608	145,734
Accummulated Depreciation:					
At 1 January 2020					
Charge for the year	-	1,660	263	-	1,923
Balance as at 31 Dec 2020	-	4,980	526	-	5,506
Carrying Amount:					
At 1 January 2020	-	-	-	-	-
Balance as at 31 Dec 2020	-	66,645	4,975	68,608	140,228

15 Intangible assets

	Software	
Period	2021	2020
Opening Cost	16,862	-
Additions during the year	225.002	16.862
Disposals/write-off during the year		
Balance as at 31 Dec 2021	241,865	16,862

Accummulated Amortisation	2021	2020
Opening Cost	320	-
Charge for the year	24.230	320
Disposals/write-back during the year		
Balance as at 31 Dec 2021	24,549	320
Carrying Amount:		
Opening Cost	16,543	-
Closing balance	217,315	16,543

	Note	1 Year ended 31/12/2021 N'000	1 month ended 31/12/2020 N'000
16 Trade payables			
Reinsurance payable		292,905	
Commission Payable		(6,513)	-
Deferred Commission Income		59,741	-
Prepaid Premium		97,259	
		-	
		443,392	-
Current		443,392	-

The reinsurance payable relates amount of premium ceded payable to reinsurance as at the end of the year.

	Note	1 Year ended 31/12/2021 N'000	1 month ended 31/12/2020 N'000
17 Provision & other payables			
Other payables		128,137	47,966
		128,137	47,966
Current		128,137	-

Other payable consist of accrued exenses payable to agents, auditors, government and investment custodian

	Note	1 Year ended 31/12/2021 N'000	1 month ended 31/12/2020 N'000
18 Insurance contract liabilities			
Outstanding claims	18a	177,166	
IBNR	18b	282,328	
Uneaned Premium Reserve	18c	1,383,005	
	18d	-	
Total non-life		1,842,498	-
Current		1,842,498	-
See breakdown below in (20 a) below			
19 Lease liability	19a	367,561	298,723.00
Lease liability			
Opening Cost	19b	-	-
Additions during the year	19c	367,561	298,723
Lease expense	19d		
Balance as at 31 Dec 2021	19e	367,561	298,723.00
Non Current		367,561	-
20 Income taxes			
Income tax based on the taxable profit/loss for the year		-	-
Income tax expense		-	-
Income Tax Payable		-	-
Closing balance		-	-

NOTES TO THE FINANCIAL STATEMENTS

		Note	31/12/2021	30/12/2020
			N'000	N'000
21	*Gross written premium*			
	Direct premium income		3,495,947	-
	Changes in unearned premium		(904,914)	-
	Gross premium earned		2,591,032	-
22	*Reinsurance expenses*			
	Outward reinsurance		(1,420,954)	-
	Minimum & Deposit		(260,537)	-
			(1,681,491)	-
	Outward Reinsurance			
	Treaty reinsurance		1,129,971	-
	Facultative reinsurance		290,983	-
			1,420,954	-
23	*Fees and commission income*			
	Management Fees		11,728	-
	Deferred Commission Income		(59,741)	
	Commission received-treaty		209,230	-
			161,218	-

Commision income are recognised over time upon placement of local fac by the company

		Note	31/12/2021	30/12/2020
24	*Insurance claims and benefits incurred - Gross*			
	Gross Claims paid	*25a*	(112,810)	
	Outstanding Claims	*25b*	(177,166)	-
	IBNR	*25c*	(241,408)	-
			(531,384)	-
25	*Insurance claims and benefits incurred - Reinsurance claims recoverable*		139,132	-
			139,132	-
26	*Underwriting Expenses*			
	Commission Incurred	*26a*	(618,153)	-
	Survey & Maitenance Cost		(15,438)	-
	Movement in Commission Expenses		368,118	
	Acquisition Expenses		(265,473)	-
	Maintenance Expenses		(16,766)	-
			(282,239)	-
27	*Staff Cost*			
	Staff Salary		(492,314)	(295,434)
	Other HR Cost		(19,382)	
			(511,696)	
28	*Management expenses*			
	Travel & Entertainment		(12,096)	-
	Administration		(115,762)	(404,452)
	Depreciation of Fixed Assets		(28,613)	(1,923)
	Amortisation of Intangibles		(22,946)	(320)
	Interest expense on Lease liability		(34,642)	(15,543)
	Depreciation on Right of use		(77,378)	
	Auditors Remuneration		(10,000)	(5,658)
	Legal & Professional Fees		(61,478)	(3,962)
	Marketing & Advertising		(83,162)	-
	IT Expenses		(22,405)	(64,285)
	Projects & Initiatives		(13,309)	-
	Finance Cost		(17,548)	(1,000)
	Other Operating Expenses		(60,701)	-
			-	-
			-	-
			(560,040)	(497,143)

		Note	31/12/2021 N'000	30/12/2020 N'000
29	*Investment & Other income*			
	Debt securities:		-	
	**Held-to-maturity*		-	
	**Loans & receivables (amortised cost)*		-	-
	Equity Securities:		-	
	Invest Income- Euro Bonds		55,349	-
	Inv Income - Interest-Staff Loans		-	
	Inv Inc-Dividends Received-Local		279,343	
	Inv Income- Treasury Bills		384,814	
	Gain/Loss on disposal of equity		-	
	Interest Income on Financial Assets		-	
	Debt Securities - HTM		-	
	Inv Income- Fixed Deposit		184,079	32,721
	Deposits with credit institutions		-	-
			903,586	32,721
30	Fair value gain/(loss) on Financial Asset			
	Fair value gain / (Losses) on Financial Asset		(30,647)	
			(30,647)	-
2	Other Income/(expenses)			
	Foreign Exchange Loss	2a	(138,579)	-
	Impairment charges		(4,613)	-
			(143,192)	-
			-	
3	Staff cost			
	Employee benefit		-	
	Other personnel cost		-	-
			-	-

		Note	31/12/2021	30/12/2020
			N'000	N'000

a *PwC did not render any non-audit service to the company during the year.*

Related party transactions
During the year, Heirs Insurance Ltd. entered into commercial transaction with related parties which where carried out at arms lenght. The transactions/balances in respect of related party transaction as at reporting date are set out below:

TRANSACTIONS
(a) With Key Management Personnel:
The Company's key management personnel and immediate family members are also considered to be related parties. The definition of related parties includes the close family members of key management personnel and any entity over which key management personnel have been identified as the directors of the Company.

		31/12/2021 N'000	30/12/2020 N'000
(b)	*Gross Written Premium:*		
	Heirs Life Assurance Ltd (Premium Received)	897.30	-
	United Capital Plc	1,109.49	-
	Africa Prudential Plc	1,938.24	-
	Avon HMO	566.25	-
	Tony Elumelu	5,837.00	
	Dan Okeke	10.00	
	Adaobi Nwakuche	4,080.00	
	Japhet Duru	232.00	
		14,670.29	-
(c)	*Life Insurance Policy*		
	Heirs Life Assurance Ltd (Premium Paid)	3,074.19	-
			-
(d)	*Medical Expenses to:*		
	Avon HMO	9,474.50	-
		9,474.50	-
(e)	*Other Receivables*		
	Heirs Life Assurance Limited	38,273.64	-
		38,273.64	-
II	*ACCOUNT BALANCES*		
(a)	*Placements*		
	UCAP Wealth Management (EURO BONDS)	1,387,204.66	-
		1,387,204.66	-

	Note	31/12/2021	30/12/2020
		N'000	N'000
		2021	2020
Analysis of staff salaries		Number	Number
Senior Management		25	3
Middle Management		3	5
Other staff members		8	8
		36	16

ii *Number of Employees (excluding Directors) in each range of emoluments (excluding pension contribution and*

	Numbers	Numbers
N500,000 - N9,999,999	20	6
N10,000,000 - N19,999,999	18	7
Above N20,000,000	8	3
	46	16

Managers of the Company (including the highest paid manager) whose remuneration in respect of services to the Company is within the following range:

	%	
iii *Analysis of staff cost*	%	
Senior management	69%	279,523.34
Middle management	8%	33,542.80
Other staff members	22%	89,447.47
	100%	402,514

Managers excludes Directors (executive and non-executive). The compensation paid to managers for services is as shown above.

d *Directors' Emoluments*

Remuneration paid to the directors of the Company was as follows:

Chairman		-
Non-Executive Directors/Independent Director		-
Executive Directors Salaries		
	-	-

e *Other allowances paid to the Chairman* -

1 Solvency Margin

	Admissible N'000	Inadmissible N'000	Total N'000
Cash and Cash Equivalents	372,102		372,102
Financial Assets	7,794,244		7,794,244
Trade Receivables	506,461		506,461
Reinsurance Assets	658,143		658,143
Right of Use Asset		703,689	703,689
Other Receivables & Prepayments	209,253		209,253
Deferred Acquisition Cost	368,118		368,118
Statutory Deposits with CBN	1,000,000		1,000,000
Property, Plant and Equipment	237,374		237,374
Intangible Assets		217,315	217,315
Total Admissible Assets (a)	11,145,695	921,004	12,066,699
Less: Admissible liabilities			
Trade Payables	443,392		443,392
Provisions & Other Payables	128,137		128,137
Insurance Contract Liabilities	1,842,498		1,842,498
Investment Contract Liabilities			-
Lease Liability		367,561	367,561
Total Admissible Liability (b)	2,414,028	367,561	2,781,589
Solvency Margin (a-b)	8,731,667	553,442	9,285,110

Gross premium income	2,591,032
Less: Reinsurance expenses	(1,681,491)
Net premium income	909,542
Subject to higher of:	
15% of net premium income or	136,431
Minimum capital requirement	10,000,000
Gross solvency ratio	87%

	Policy Holders Fund - Insurance Contract	Policy Holders Fund - Investment Contract	Annuity	Share Holders Fund	Total
2 Hypotetication	N'000	N'000	N'000	N'000	N'000
Cash and Cash Equivalents		372,102			372,102
Financial Assets	915,982	214,314	626,033	5,807,048	7,563,377
Trade Receivables	-	-	-	506,461	506,461
Reinsurance Assets	219,381	80,207	-	-	299,588
Right of Use Asset	-	-	-	703,689	703,689
Other Receivables & Prepayments	-	-	-	209,253	209,253
Deferred Acquisition Cost	-	-	-	368,118	368,118
Statutory Deposits with CBN	-	-	-	1,000,000	1,000,000
Property, Plant and Equipment	-	-	-	237,374	237,374
Intangible Assets	-	-	-	217,315	217,315
TOTAL ASSETS	1,135,362	666,623	626,033	9,049,258	11,477,276
Liabilities					
Trade Payables	-	-	-	443,392	443,392
Provisions & Other Payables	-	-	-	128,137	128,137
Insurance Contract Liabilities	459,494	-	1383004.601	-	1,842,498
Investment Contract Liabilities	-	1,842,498	-	-	1,842,498
Lease Liability				367,561	367,561
Income Tax Payable				-	1,814,237
Deferred Tax Liability				-	-
TOTAL LIABILITIES	2,273,731	1,842,498	1,383,005	939,091	6,438,325
SURPLUS	(1,138,369)	(1,175,876)	(756,971)	8,110,167	5,038,951

OTHER NATIONAL DISCLOSURE
VALUE ADDED STATEMENT

	31/12/2021 N'000	%	31/12/2020 N'000	%
Net Premium Income	909,542	60%	-	0%
Investment Income	903,586	60%	32,721	-7%
Other Income/Expenses	(143,192)	-10%	-	0%
Claims incurred, commissions paid and	(112,810)	-7%	-	0%
Operating Expenses	(52,842)	-4%	(497,143)	107%
Value added	1,504,283	100%	(464,422)	100%
Applied to pay:				
Employee benefit expense	1,397,162	93%		
Government taxes	-	0%	-	
Retained in the business:				
Depreciation of property and equipment	28,613	2%		
Depreciation expense on right-of-use	-	0%	-	0%
Amortisation of intangible assets	24,230	2%	-	0%
Profit retained in the business	54,278	4%	(464,422)	100%
Value added	1,504,283	100%	(464,422)	100%

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HEIRS LIFE ASSURANCE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021
STATEMENT OF CASHFLOW

	31 December 2021 N'000	31 December 2020 N'000
Cash flows from operating activities:		
Premium received from policyholders	2,989,485	
Cash withdrawals from investment contract liability		
Fees and commission income	220,959	
Re-insurance premium paid	(1,388,586)	
Underwriting expense		
Claims paid- Others	(112,810)	
Payment to employees	(19,382)	
Other operating cash payment	(540,658)	
Inflow from statutory deposit		
Net cash outflow used in operating activities	1,149,008	-
Cash flows from investing activities:		
Interest received		
Acquisition of property,plant and equipment		
Purchases of investment securities		
Maturities of investment securities		
Right of use		
Net cashflow from investing activities	-	-
Cash flows from financing activities		
Paid up capital received from shareholders		
Payment of principal on leases		
Net cashflow from financing activities	-	-
Cash and cash equivalent, beginning of year		-
Net increase in cash and cash equivalent		-
Cash and cash equivalent, end of year	-	-